

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Holland Charter Township	County Ottawa
Fiscal Year End 12-31-07	Opinion Date 3-12-08	Date Audit Report Submitted to State 3-19-08	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

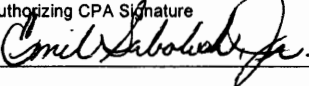
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Kiekoover, Scholma & Shumaker, PC		Telephone Number 616-772-4615	
Street Address 205 East Main Street		City Zeeland	State MI
Zip 49464			
Authorizing CPA Signature 	Printed Name Emil Sabolish, Jr.	License Number 1101009304	

HOLLAND CHARTER TOWNSHIP

HOLLAND, MICHIGAN

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2007

ANNUAL FINANCIAL REPORT

HOLLAND CHARTER TOWNSHIP, MICHIGAN

For the Fiscal Year Ended December 31, 2007

BOARD OF TRUSTEES (ELECTED)

Supervisor	Terry Nienhuis
Clerk	Michael Dalman
Treasurer	Vincent Bush
Trustee	Joseph Baumann
Trustee	Christopher Eaton
Trustee	Arlan Hossink
Trustee	Norman Nykamp

ADMINISTRATION (APPOINTED)

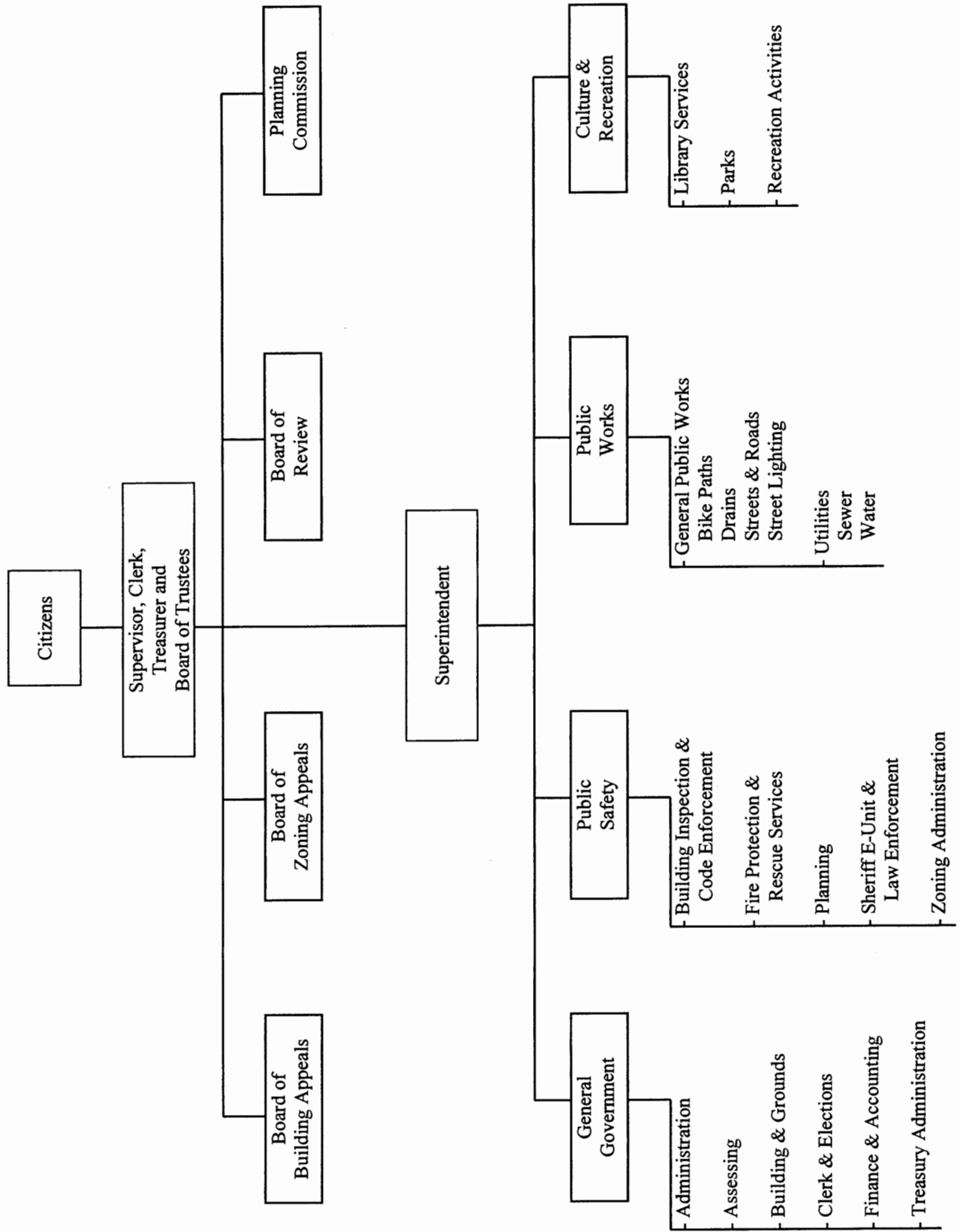
Superintendent	Willis Driesenga
Assistant Superintendent/Finance Director	Donald Komejan
Assessor	Howard Feyen
Building Official	Michael Winkler
Fire Chief	Douglas Van Hekken
Parks and Facilities Maintenance Director	Brian Leach
Parks and Recreation Director	Darrin Duisttermars
Planner/Zoning Administrator	Jon Mersman
Public Works Director	Tom Van Der Kolk

PREPARED BY FINANCE DEPARTMENT

Donald Komejan – Finance Director

INDEPENDENT AUDITOR
Kiekover, Scholma & Shumaker, PC
Zeeland, Michigan

Holland Charter Township Organizational Chart



Holland Charter Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2007

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor's Report	I
Management's Discussion and Analysis	II
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets.....	1
Statement of Activities	2
Governmental Fund Financial Statements	
Balance Sheet	4
Statement of Revenue, Expenditures and Changes in Fund Balances	5
Reconciliation of the Statement of Revenue, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	6
Proprietary Fund Financial Statements	
Statement of Net Assets.....	7
Statement of Revenue, Expenses and Changes in Net Assets	8
Statement of Cash Flows	9
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	10
Notes to Financial Statements	11
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund.....	25
Note to Required Supplementary Information.....	27

Holland Charter Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2007

TABLE OF CONTENTS

	Page
Supplemental Data	
Combining Balance Sheet – Nonmajor Governmental Funds	28
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	30

ADDITIONAL INFORMATION SECTION

Table

1	General Fund Revenues and Other Financing Sources And Expenditures and Other Uses by Function	32
2	Property Tax Levies and Collections	34
3	Assessed and Taxable Value of Property	35
4	Components of Assessed and Taxable Value of Property	36
5	Property Tax Rates Per \$1,000 State Equalized Valuation.....	37
6	Profile of Ten Largest Property Taxpayers.....	38
7	Computation of Legal Debt Margin.....	39
8	Ratio of Bonded Debt to State Equalized Value Per Capita	40
9	Computation of Direct and Overlapping Bonded Debt	41
10	Property Value and Construction	42
11	Tax Information.....	43
12	General Statistical Data	45

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

March 12, 2008

Township Board
Holland Charter Township, Michigan
Holland, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Charter Township, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Holland Charter Township, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Charter Township, Michigan, as of December 31, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages II through VIII and 25 through 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Holland Charter Township, Michigan basic financial statements. The combining nonmajor fund financial statements and additional information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The additional information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Kiekover, Scholma & Shumaker, PC

Holland Charter Township, Michigan

Management's Discussion and Analysis

As management of Holland Charter Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with the Township's financial statements that follow this section.

Financial Highlights

- The assets of Holland Charter Township exceeded its liabilities at the close of the most recent fiscal year by \$150,477,470 (*net assets*). Of this amount, \$52,481,728 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$5,823,211. Capital assets increased by \$1,160,035, while restricted net assets increased by \$207,174, and unrestricted net assets increased by \$4,456,002.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$15,116,620, an increase of \$1,710,464 in comparison with the prior year. Approximately 90% of this total amount, \$13,546,568, is *available for spending* at the Township's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,544,636 or 69% of total general fund expenditures and transfers out.
- The Township's total debt decreased by \$879,500 (13%) during the current fiscal year. This is the result of the Township making its required scheduled debt service payments while incurring no new debt during the year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Holland Charter Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business and, therefore, are prepared using the accrual basis of accounting. These statements provide a longer term view of the Township's finances and whether taxpayers have funded the full cost of providing government services. The first two statements are government-wide and include the following:

- The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.
- The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and state shared revenues and earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of Holland Charter Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, economic development, and recreation and culture. The business-type activities of the Township consist of water and wastewater disposal systems.

The government-wide financial statements can be found on pages 1-3 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Holland Charter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report the Township's operations in more detail than the government-wide financial statements. These statements present a short-term view and tell how taxpayer resources were spent during the year. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Holland Charter Township maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Industrial Park Fund, which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 4-6 of this report.

Proprietary funds. Holland Charter Township maintains two types of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its water and wastewater disposal systems. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Township's various functions. The Township uses an internal service fund to account for its post-employment health care benefits. Because these services predominately benefit governmental rather than business-type functions, the assets and liabilities of the internal service funds have been included within the *governmental activities* in the government-wide statement of net assets.

Proprietary funds provide the same type of information as the government-wide financial statements, but provide more detail and information, such as cash flows. The proprietary fund financial statements provide separate information for the three components of the water and wastewater disposal systems: Water Operating, Wastewater Operating, and Water and Wastewater Construction and Debt Service, all of which are considered to be major funds of Holland Charter Township.

The basic proprietary fund financial statements can be found on pages 7-9 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government, in which the Township acts solely as trustee or agent. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Holland Charter Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 10 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-24 of this report.

Other information. In addition to the basic financial statement and accompanying notes, this report also presents certain *required supplementary information* presenting budgetary comparisons for the Township's General Fund. Required supplementary information can be found on pages 25-27 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining fund statements can be found on pages 28-31 of this report.

Immediately following the combining fund statements an additional information section, which provides certain information pertaining to government revenues, expenditures, tax revenues and collections, demographic, and other statistical data.

Financial Analysis of the Township as a Whole

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Holland Charter Township, assets exceeded liabilities by \$150.5 million at the close of the fiscal year ended December 31, 2007.

The largest portion of the Township's net assets (64%) reflects its investment in capital assets. The Township uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets of the Township totaled \$1.57 million and are reported in the governmental activities. These net assets have limits on their use that are externally imposed by restrictions such as enabling legislation or bond covenants. These resources can only be used for the specific purposes for which they were intended, such as expenditures for E-unit and police services and bike paths. The remaining unrestricted net assets (\$52.5 million) may be used to meet the Township's ongoing operations.

The following table shows, in a condensed format, the net assets of Holland Charter Township as of December 31, 2007 and 2006.

TABLE 1 - Holland Charter Township's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 25,778,126	\$ 23,890,576	\$ 37,426,656	\$ 34,206,733	\$ 63,204,782	\$ 58,097,309
Capital assets	35,150,182	33,403,363	67,369,508	68,835,792	102,519,690	102,239,155
Total assets	60,928,308	57,293,939	104,796,164	103,042,525	165,724,472	160,336,464
Long-term debt outstanding	165,000	240,000	5,929,000	6,733,500	6,094,000	6,973,500
Other liabilities	8,672,039	8,453,501	480,963	255,204	9,153,002	8,708,705
Total liabilities	8,837,039	8,693,501	6,409,963	6,988,704	15,247,002	15,682,205
Net assets:						
Invested in capital assets, net of related debt	34,985,182	33,163,363	61,440,508	62,102,292	96,425,690	95,265,655
Restricted	1,570,052	1,362,878	-	-	1,570,052	1,362,878
Unrestricted	15,536,035	14,074,197	36,945,693	33,951,529	52,481,728	48,025,726
Total net assets	\$ 52,091,269	\$ 48,600,438	\$ 98,386,201	\$ 96,053,821	\$ 150,477,470	\$ 144,654,259

As shown in Table 2 (changes in net assets), the Township's total revenues were approximately \$24.5 million for the current year, of which 33.2% was obtained from property taxes. Fees charged for services accounted for another 39.7% of the total, State shared revenues 8.8%, operating grants and contributions .4%, and capital grants and contributions (mostly in the form of federal grants, private contributions, water and wastewater hook-ups, and developer contributions of systems) another 3.4%. The balance of the Township's revenues was primarily derived from interest earnings (14.4%) and other sources (.1%). The total cost of all programs and services at December 31, 2007 was \$18.7 million. Township expenses cover a wide range of services. For the current fiscal year, about 21.9% of the Township's expenses related to public safety and public works, 17.3% related to recreation and culture, and 52.1% related to the provision of water and wastewater services.

Net assets increased by \$3.5 million for the Township's governmental activities. This increase accounted for 59.9% of the total growth in net assets for the year. Net assets for business-type activities increased by \$2.3 million during the year, accounting for the remaining 40.1% increase.

The following analysis highlights the changes in net assets for the years ended December 31, 2007 and 2006:

TABLE 2 - Holland Charter Township's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program revenues						
Charges for services	\$ 688,203	\$ 726,251	\$ 9,031,960	\$ 8,747,740	\$ 9,720,163	\$ 9,473,991
Operating grants and contributions	101,021	754,419	-	-	101,021	754,419
Capital grants and contributions	89,958	226,705	744,932	1,408,282	834,890	1,634,987
General revenues					-	-
Property taxes	8,121,476	7,701,414	-	-	8,121,476	7,701,414
State shared revenues	2,150,680	2,131,287	-	-	2,150,680	2,131,287
Interest	1,252,143	822,524	2,270,448	1,533,879	3,522,591	2,356,403
Gain (loss) on sale of capital assets	1,500	46,399	-	-	1,500	46,399
Other revenue	35,013	56,382	-	-	35,013	56,382
Total revenues	<u>12,439,994</u>	<u>12,465,381</u>	<u>12,047,340</u>	<u>11,689,901</u>	<u>24,487,334</u>	<u>24,155,282</u>
Program expenses						
General government	1,209,524	1,226,968	-	-	1,209,524	1,226,968
Public safety	2,352,941	2,352,987	-	-	2,352,941	2,352,987
Public works	1,736,476	1,703,182	-	-	1,736,476	1,703,182
Community and economic development	416,289	837,528	-	-	416,289	837,528
Recreation and culture	3,233,933	3,238,999	-	-	3,233,933	3,238,999
Water and wastewater	-	-	9,714,960	8,896,780	9,714,960	8,896,780
Total expenses	<u>8,949,163</u>	<u>9,359,664</u>	<u>9,714,960</u>	<u>8,896,780</u>	<u>18,664,123</u>	<u>18,256,444</u>
Change in net assets	<u>\$ 3,490,831</u>	<u>\$ 3,105,717</u>	<u>\$ 2,332,380</u>	<u>\$ 2,793,121</u>	<u>\$ 5,823,211</u>	<u>\$ 5,898,838</u>

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The individual funds help to manage money for specific purposes as well as to show accountability for activities or projects funded by special property tax millage, grants, contributions, etc. The Township's major governmental funds for 2007 consist of the General Fund and the Industrial Park Fund.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$15,116,620, an increase of \$1,710,464 from the prior year combined ending fund balances of \$13,406,156. Approximately 90% of this amount (\$13,546,568) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for discretionary spending because it is committed (1) to purposes related to special voted millage for E-unit and police services (\$1,079,866), and (2) to purposes related to special voted millage for bike path construction and maintenance (\$490,186).

The General Fund is the primary operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$7,544,636, while total fund balance was \$9,114,688. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. The \$7,544,636 unreserved fund balance is approximately 71% of the 2008 budgeted expenditures and operating transfers to other funds, which is \$10,582,200.

The fund balance of the Township's General Fund increased by \$744,693 during the current fiscal year compared to an increase of \$1,415,821 in the prior year. Factors that influenced the current year change in fund balance include:

- Total revenues increased by \$566,124 or 5.3%
- Tax revenues increased by \$389,754 or 5.1%
- State shared revenues decreased by \$24,117 or 1.1%
- Interest revenues increased by \$188,513 or 32.2%
- Transfers in from other funds were \$457,742 compared to \$780,000 in 2006
- Total expenditures decreased by \$61,868 or 0.8%
- Transfers out to other funds were \$3,845,000 compared to \$2,868,138 in 2006

The Industrial Park Fund had expenditures of \$2,334,874 during 2007, mostly related to the acquisition of 7 vacant parcels in the Township's industrial park. These acquisitions were funded by transfers in from the General Fund of \$2,350,000 during 2007. At December 31, 2007 the Industrial Park Fund had a fund balance of \$173,050, an increase of \$142,260 compared to the prior year.

Proprietary funds. Holland Charter Township's proprietary funds provide the same type of information found in the government-wide financial statements (business-type activities) but in more detail. The Township's proprietary funds are comprised of the water and wastewater utilities and the Other Post Employment Benefits (OPEB) Fund.

Water and wastewater user rates remained unchanged in 2007 after being increased in 4th quarter 2006 by approximately 9% and 5% respectively. Combined operating revenues for the water and wastewater systems funds increased in fiscal year 2007 by \$284,220 from \$8,747,740 to \$9,031,960. Revenues from water sales were up \$276,145 primarily due to the 4th quarter 2006 user rate increase. Combined operating expenses for these funds, excluding depreciation, increased in fiscal year 2007 by \$899,768 from \$6,164,769 to \$7,064,537 primarily due to the increased cost in the amount of \$739,248 for purchased wholesale water. At year-end, the Township utility system served 11,480 water accounts and 11,917 wastewater accounts, which reflects an increase from the prior year of 2.5% and 1.7% respectively.

The OPEB Fund is used to account for internal premium charges to departments and funds, retiree premium co-payments, commercial health insurance premiums and contractual expenses associated with provision for other post-employment benefits (health benefits) for eligible retired employees of the Township. The OPEB Fund was initially established in 2006. Operating transfers of \$2,006,068 from the General, Water and Wastewater Funds were set aside in the OPEB Fund representing the actuarially determined accumulated post-retirement benefit obligation for retiree health insurance benefits. In fiscal year 2007, internal premium charges to other funds were \$123,346, retiree premium copayments were \$18,890, and retiree group health insurance costs were \$45,387.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. The budget for total revenues was increased by \$494,350 and actual total revenues exceeded the final amended budget by \$280,480. The budget for total expenditures was decreased by \$1,036,962, and actual total expenditures were less than the final amended budget by \$584,559. The budget for operating transfers out to various Special Revenue and Capital Projects Funds was increased by \$2,525,000 to finance the acquisition of seven parcels of vacant land in the Township's 535-acre industrial park.

Capital Asset and Debt Administration

At the end of 2007, the Township had \$102,519,690 (net of depreciation) invested in a broad range of capital assets, including buildings, fire equipment, park land and improvements, bike paths, roads, drains, and water and sewer lines. The Township's investment in roads and drains within the Township are recorded as intangible assets (shared street improvements and flowage rights). Although paid for by the Township, Michigan law makes these assets property of the County (along with the responsibility to maintain them). The Township's investment in capital assets for the current fiscal year (net of depreciation) increased by \$1,746,819 (5.2%) for governmental activities and decreased by \$1,466,284 (-2.1%) for business-type activities.

Major capital asset events during the current fiscal year included the following:

- \$123,117 Phase 2 replacement of Dunton Park boardwalk and decking originally built in 1982-1985
- \$213,646 capital improvements to Dunton Park, including concrete walkways, boardwalks, overlook deck, gazebo and lighting
- \$551,757 expended for road and intersection improvements
- \$200,597 expended for drain system improvements
- \$310,495 expended for bike path system extensions and improvements
- \$2,315,712 expended to acquire 7 vacant parcels (98 acres) in the Township's 535-acre industrial park
- \$297,044 expended for sanitary sewer collection system extensions on Coolidge & Manley Avenues
- \$202,864 expended for improvements to the sanitary sewer lift station #20
- \$146,794 expended for water main extensions on Butternut Drive
- \$76,115 sanitary sewer collection system extensions added by developers (1,171 feet)
- \$48,780 water main extensions added by developers (1,084 feet)

At December 31, 2007, the Township had \$6,094,000 of long-term contractual obligations and bonded debt outstanding after repayments of \$879,500 during the year. These long-term debt obligations are scheduled to mature serially through fiscal year 2018.

Economic Factors and Next Year's Budgets and Rates

The following are some of the key factors considered in preparing the Township's 2008 fiscal year budget:

- The Township's overall property tax rate was reduced by 0.1 mills, from 6.3 mills to 6.2 mills.
- Property tax revenues are estimated to increase by approximately \$100,000 as the net result of about a 3.8% increase in the Township's overall taxable equivalent value and the 0.1 mill tax rate reduction.
- State shared revenues are projected to be less than 2007 revenues by about \$90,000. Further reductions may result from continuation of the state's slow economic growth and lagging sales tax revenues.
- The Township's overall taxable valuation changes for 2008 and 2009 are anticipated to be flat due to slow overall economic growth and the impact of the Pfizer plant closing.
- Within these considerations, the 2008 General Fund budget anticipates a net change in fund balance of \$826,800. The General Fund unreserved fund balance of \$7,545,850 at the end of the current fiscal year is 71% of the 2008 budgeted expenditures and operating transfers out of \$10,582,200.
- The growth in the number of water utility system customers in 2007 was 278 to 11,480 (2.5%).
- The growth in the number of sewer utility system customers in 2007 was 195 to 11,917 (1.7%).
- The Township anticipates approximately \$3 million of capital improvements in 2008 to its water and sewer utility systems, including water and sewer main extensions and replacements, sewer lift station improvements, and vehicle and equipment replacements.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township's finance director.

Basic Financial Statements

Holland Charter Township, Michigan
STATEMENT OF NET ASSETS
December 31, 2007

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and investments	\$ 20,522,126	\$ 31,276,908	\$ 51,799,034
Receivables:			
Taxes	4,937,697	-	4,937,697
Accounts	186,110	1,016,288	1,202,398
Interest	174,733	268,828	443,561
Due from other governments	788,169	457	788,626
Internal balances	(830,709)	830,709	-
Inventories	-	75,470	75,470
Prepaid items	-	17,970	17,970
Assessments receivable	-	3,815,411	3,815,411
Deferred charges	-	124,615	124,615
Capital assets	<u>35,150,182</u>	<u>67,369,508</u>	<u>102,519,690</u>
 Total Assets	 <u>60,928,308</u>	 <u>104,796,164</u>	 <u>165,724,472</u>
LIABILITIES			
Accounts payable	276,584	380,566	657,150
Accrued payroll	59,139	49,582	108,721
Compensated absences payable	148,116	125,926	274,042
Due to other governments	-	68,567	68,567
Deferred revenue	8,188,200	19,945	8,208,145
Noncurrent liabilities:			
Due within one year	80,000	848,500	928,500
Deferred refunding gain (loss)	-	(163,623)	(163,623)
Due in more than one year	<u>85,000</u>	<u>5,080,500</u>	<u>5,165,500</u>
 Total Liabilities	 <u>8,837,039</u>	 <u>6,409,963</u>	 <u>15,247,002</u>
NET ASSETS			
Invested in capital assets, net of related debt	34,985,182	61,440,508	96,425,690
Restricted for:			
E-unit and police services	1,079,866	-	1,079,866
Bike paths	490,186	-	490,186
Unrestricted	<u>15,536,035</u>	<u>36,945,693</u>	<u>52,481,728</u>
 Total Net assets	 <u>\$ 52,091,269</u>	 <u>\$ 98,386,201</u>	 <u>\$ 150,477,470</u>

Holland Charter Township, Michigan
STATEMENT OF ACTIVITIES
Year Ended December 31, 2007

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Function/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 1,209,524	\$ 105,053	\$ -	\$ -
Public safety	2,352,941	338,160	-	-
Public works	1,736,476	-	-	64,367
Community and economic development	416,289	13,835	101,021	-
Recreation and culture	3,233,933	231,155	-	25,591
Total governmental activities	8,949,163	688,203	101,021	89,958
Business-type activities:				
Water and wastewater	9,714,960	9,031,960	-	744,932
Total Primary Government	<u>\$ 18,664,123</u>	<u>\$ 9,720,163</u>	<u>\$ 101,021</u>	<u>\$ 834,890</u>

General revenues:

Property taxes
State shared revenues
Interest
Gain on sale of capital assets
Other

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ (1,104,471)	\$ -	\$ (1,104,471)
(2,014,781)	-	(2,014,781)
(1,672,109)	-	(1,672,109)
(301,433)	-	(301,433)
<u>(2,977,187)</u>	<u>-</u>	<u>(2,977,187)</u>
(8,069,981)	-	(8,069,981)
<u>-</u>	<u>61,932</u>	<u>61,932</u>
<u>(8,069,981)</u>	<u>61,932</u>	<u>(8,008,049)</u>
8,121,476	-	8,121,476
2,150,680	-	2,150,680
1,252,143	2,270,448	3,522,591
1,500	-	1,500
<u>35,013</u>	<u>-</u>	<u>35,013</u>
<u>11,560,812</u>	<u>2,270,448</u>	<u>13,831,260</u>
3,490,831	2,332,380	5,823,211
<u>48,600,438</u>	<u>96,053,821</u>	<u>144,654,259</u>
<u>\$ 52,091,269</u>	<u>\$ 98,386,201</u>	<u>\$ 150,477,470</u>

Holland Charter Township, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007

	General Fund	Industrial Park Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 12,269,998	\$ 170,969	\$ 5,828,597	\$ 18,269,564
Receivables:				
Taxes	4,934,314	-	3,383	4,937,697
Accounts	47,789	-	21,280	69,069
Interest	106,221	2,081	46,359	154,661
Due from other governments	357,668	-	-	357,668
 Total Assets	 <u>\$ 17,715,990</u>	 <u>\$ 173,050</u>	 <u>\$ 5,899,619</u>	 <u>\$ 23,788,659</u>
LIABILITIES				
Accounts payable	\$ 248,702	\$ -	\$ 27,882	\$ 276,584
Accrued payroll	49,129	-	10,010	59,139
Compensated absences payable	118,654	-	29,462	148,116
Deferred revenue	8,184,817	-	3,383	8,188,200
 Total Liabilities	 <u>8,601,302</u>	 <u>-</u>	 <u>70,737</u>	 <u>8,672,039</u>
FUND BALANCES				
Reserved:				
E-unit and police services	1,079,866	-	-	1,079,866
Bike paths	490,186	-	-	490,186
Unreserved-reported in:				
General Fund	7,544,636	-	-	7,544,636
Special Revenue Funds	-	-	2,838,887	2,838,887
Capital Projects Funds	-	173,050	2,989,995	3,163,045
 Total Fund Balances	 <u>9,114,688</u>	 <u>173,050</u>	 <u>5,828,882</u>	 <u>15,116,620</u>
 Total Liabilities and Fund Balances	 <u>\$ 17,715,990</u>	 <u>\$ 173,050</u>	 <u>\$ 5,899,619</u>	
 Amount reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and are not reported in the funds				
General capital assets				20,589,807
Infrastructure assets				14,560,375
Grants and contributions receivable are not available to pay for current expenditures and are therefore deferred in the funds				181,408
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures				366,134
Long term liabilities are not due and payable in the current period and are not reported in the funds				(165,000)
Internal Service Funds are included as part of governmental activities				<u>1,441,925</u>
 Net Assets of Governmental Activities				 <u>\$ 52,091,269</u>

Holland Charter Township, Michigan
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2007

	General Fund	Industrial Park Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 8,091,158	\$ -	\$ 4,802	\$ 8,095,960
Licenses and permits	75,263	-	283,011	358,274
Grants	-	-	118,721	118,721
State shared revenues	2,121,270	-	-	2,121,270
Charges for services	87,368	-	145,570	232,938
Interest and rent	773,480	15,664	364,627	1,153,771
Other	152,291	-	309,298	461,589
Total Revenues	<u>11,300,830</u>	<u>15,664</u>	<u>1,226,029</u>	<u>12,542,523</u>
Expenditures:				
Current:				
General government	1,060,995	-	24,979	1,085,974
Public safety	1,641,650	-	453,019	2,094,669
Public works	1,543,792	-	-	1,543,792
Community and economic development	274,322	-	105,751	380,073
Recreation and culture	2,524,699	-	129,042	2,653,741
Other	123,421	19,162	53,417	196,000
Capital outlay	-	2,315,712	562,098	2,877,810
Total Expenditures	<u>7,168,879</u>	<u>2,334,874</u>	<u>1,328,306</u>	<u>10,832,059</u>
Excess of Revenues Over (Under) Expenditures	<u>4,131,951</u>	<u>(2,319,210)</u>	<u>(102,277)</u>	<u>1,710,464</u>
Other Financing Sources (Uses):				
Transfers in	457,742	2,350,000	1,495,000	4,302,742
Transfers out	<u>(3,845,000)</u>	<u>-</u>	<u>(457,742)</u>	<u>(4,302,742)</u>
Total Other Financing Sources (Uses)	<u>(3,387,258)</u>	<u>2,350,000</u>	<u>1,037,258</u>	<u>-</u>
Net Change in Fund Balances	744,693	30,790	934,981	1,710,464
Fund Balances - January 1	<u>8,369,995</u>	<u>142,260</u>	<u>4,893,901</u>	<u>13,406,156</u>
Fund Balances - December 31	<u>\$ 9,114,688</u>	<u>\$ 173,050</u>	<u>\$ 5,828,882</u>	<u>\$ 15,116,620</u>

Holland Charter Township, Michigan
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2007

Net change in fund balances-Total Governmental Funds	\$ 1,710,464
Amounts reported for the governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Current year capital outlays capitalized - general capital assets	2,722,443
Current year capital outlays capitalized - infrastructure capital assets	1,124,799
Current year depreciation expense on capitalized assets	(2,100,423)
Timing of revenue recognition differs in the statement of activities versus the funds financial statements for certain revenues that do not provide current financial resources	
Grants and contributions	(230,311)
State shared revenues	29,410
Repayments of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	75,000
An internal service fund is used by management to charge the costs of post-employment health care benefits to individual funds. A portion of the net revenue (expenses) of the internal service fund is reported with governmental activities	<u>159,449</u>
Change in net assets of governmental activities	<u>\$ 3,490,831</u>

Holland Charter Township, Michigan
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2007

	Enterprise Funds				
	Water Operating	Wastewater Operating	Water and Wastewater Construction and Debt Service	Total	OPEB Internal Service Fund
ASSETS					
Current Assets:					
Cash and investments	\$ 8,229,365	\$ 6,132,285	\$ 16,915,258	\$ 31,276,908	\$ 2,252,562
Receivables:					
Accounts	438,453	412,902	164,933	1,016,288	-
Interest	69,613	51,941	147,274	268,828	20,072
Due from other governments	128	329	-	457	-
Inventories	75,470	-	-	75,470	-
Prepaid items	8,985	8,985	-	17,970	-
Total Current Assets	<u>8,822,014</u>	<u>6,606,442</u>	<u>17,227,465</u>	<u>32,655,921</u>	<u>2,272,634</u>
Noncurrent Assets:					
Assessments receivable	-	-	3,815,411	3,815,411	-
Deferred charges	-	-	124,615	124,615	-
Capital assets	<u>3,205,344</u>	<u>4,537,695</u>	<u>59,626,469</u>	<u>67,369,508</u>	-
Total Noncurrent Assets	<u>3,205,344</u>	<u>4,537,695</u>	<u>63,566,495</u>	<u>71,309,534</u>	-
Total Assets	<u>12,027,358</u>	<u>11,144,137</u>	<u>80,793,960</u>	<u>103,965,455</u>	<u>2,272,634</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	187,616	179,108	13,842	380,566	-
Accrued payroll	26,397	23,185	-	49,582	-
Compensated absences payable	61,637	64,289	-	125,926	-
Due to other governments	-	68,567	-	68,567	-
Current portion of long-term debt	-	-	848,500	848,500	-
Total Current Liabilities	<u>275,650</u>	<u>335,149</u>	<u>862,342</u>	<u>1,473,141</u>	-
Noncurrent Liabilities:					
Deferred revenue	19,945	-	-	19,945	-
Deferred refunding gain (loss)	-	-	(163,623)	(163,623)	-
Long-term debt	-	-	5,080,500	5,080,500	-
Total Noncurrent Liabilities	<u>19,945</u>	-	<u>4,916,877</u>	<u>4,936,822</u>	-
Total Liabilities	<u>295,595</u>	<u>335,149</u>	<u>5,779,219</u>	<u>6,409,963</u>	-
NET ASSETS					
Invested in capital assets, net of related debt	3,205,344	4,537,695	53,697,469	61,440,508	-
Unrestricted, designated for capital projects	-	-	21,317,272	21,317,272	-
Unrestricted, undesignated	<u>8,526,419</u>	<u>6,271,293</u>	-	<u>14,797,712</u>	<u>2,272,634</u>
Total Net Assets	<u>\$ 11,731,763</u>	<u>\$ 10,808,988</u>	<u>\$ 75,014,741</u>	<u>97,555,492</u>	<u>\$ 2,272,634</u>
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds				<u>830,709</u>	
Net assets of business-type activities				<u>\$ 98,386,201</u>	

Holland Charter Township, Michigan
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2007

	Enterprise Funds				
	Water Operating	Wastewater Operating	Water and Wastewater Construction and Debt Service	Total	OPEB Internal Service Fund
Operating Revenues:					
Water sales	\$ 5,013,637	\$ -	\$ -	\$ 5,013,637	\$ -
Sewage disposal service	-	3,695,624	-	3,695,624	-
Other revenues	250,614	4,950	67,135	322,699	142,236
Total Operating Revenues	<u>5,264,251</u>	<u>3,700,574</u>	<u>67,135</u>	<u>9,031,960</u>	<u>142,236</u>
Operating Expenses:					
Cost of water	3,033,922	-	-	3,033,922	-
Water connections	119,518	-	-	119,518	-
Cost of sewage disposal	-	1,695,304	-	1,695,304	-
Operation and maintenance	858,112	726,757	-	1,584,869	45,387
General and administrative	328,591	297,682	4,651	630,924	-
Depreciation	154,382	197,474	1,964,336	2,316,192	-
Total Operating Expenses	<u>4,494,525</u>	<u>2,917,217</u>	<u>1,968,987</u>	<u>9,380,729</u>	<u>45,387</u>
Operating Income (Loss)	<u>769,726</u>	<u>783,357</u>	<u>(1,901,852)</u>	<u>(348,769)</u>	<u>96,849</u>
Nonoperating Revenues (Expenses)					
Interest income	497,932	367,042	1,348,843	2,213,817	155,003
Interest expense	-	-	(370,003)	(370,003)	-
Total Nonoperating Revenues (Expenses)	<u>497,932</u>	<u>367,042</u>	<u>978,840</u>	<u>1,843,814</u>	<u>155,003</u>
Income Before Contributions and Transfers	1,267,658	1,150,399	(923,012)	1,495,045	251,852
Capital contributions	-	-	744,932	744,932	-
Transfers in	-	-	805,000	805,000	-
Transfers out	<u>(350,000)</u>	<u>(455,000)</u>	<u>-</u>	<u>(805,000)</u>	<u>-</u>
Change in Net Assets	917,658	695,399	626,920	2,239,977	251,852
Net Assets - January 1	<u>10,814,105</u>	<u>10,113,589</u>	<u>74,387,821</u>		<u>2,020,782</u>
Net Assets - December 31	<u>\$ 11,731,763</u>	<u>\$ 10,808,988</u>	<u>\$ 75,014,741</u>		<u>\$ 2,272,634</u>
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds				<u>92,403</u>	
Change in net assets of business-type activities				<u>\$ 2,332,380</u>	

Holland Charter Township, Michigan
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2007

	Enterprise Funds				OPEB Internal Service Fund
	Water Operating	Wastewater Operating	Water and Wastewater Construction and Debt Service	Total	
Cash Flows From Operating Activities:					
Receipts from customers	\$ 5,051,230	\$ 3,774,771	\$ 67,135	\$ 8,893,136	\$ -
Received from interfund charges	-	-	-	-	123,346
Payments to suppliers	(3,368,466)	(2,241,770)	(4,651)	(5,614,887)	(45,387)
Payments to employees	(546,481)	(453,066)	-	(999,547)	-
Other receipts (payments)	250,614	4,950	-	255,564	18,890
Net Cash Provided By Operating Activities	<u>1,386,897</u>	<u>1,084,885</u>	<u>62,484</u>	<u>2,534,266</u>	<u>96,849</u>
Cash Flows From Noncapital Financing Activities:					
Transfers from/to other funds	<u>(350,000)</u>	<u>(455,000)</u>	<u>805,000</u>	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:					
Capital contributions	-	-	871,296	871,296	-
Construction and purchase of capital assets	(176,466)	(210,892)	(489,834)	(877,192)	-
Principal paid on capital debt	-	-	(804,500)	(804,500)	-
Interest paid on capital debt	-	-	(316,280)	(316,280)	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(176,466)</u>	<u>(210,892)</u>	<u>(739,318)</u>	<u>(1,126,676)</u>	<u>-</u>
Cash Flows From Investing Activities:					
Interest received on investments	<u>481,382</u>	<u>358,447</u>	<u>1,318,577</u>	<u>2,158,406</u>	<u>135,966</u>
Net Increase in Cash and Investments	1,341,813	777,440	1,446,743	3,565,996	232,815
Cash and Investments - January 1	<u>6,887,552</u>	<u>5,354,845</u>	<u>15,468,515</u>	<u>27,710,912</u>	<u>2,019,747</u>
Cash and Investments - December 31	<u>\$ 8,229,365</u>	<u>\$ 6,132,285</u>	<u>\$ 16,915,258</u>	<u>\$ 31,276,908</u>	<u>\$ 2,252,562</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:					
Operating income (loss)	\$ 769,726	\$ 783,357	\$ (1,901,852)	\$ (348,769)	\$ 96,849
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	154,382	197,474	1,964,336	2,316,192	-
Change in assets and liabilities:					
Receivables	38,470	79,147	-	117,617	-
Other assets	264,651	149	-	264,800	-
Accounts payable	148,195	18,924	-	167,119	-
Accrued and other liabilities	11,473	5,834	-	17,307	-
Net Cash Provided By Operating Activities	<u>\$ 1,386,897</u>	<u>\$ 1,084,885</u>	<u>\$ 62,484</u>	<u>\$ 2,534,266</u>	<u>\$ 96,849</u>
Noncash capital financing activities:					
Contribution of capital assets from developers	\$ -	\$ -	\$ 124,895	\$ 124,895	\$ -
Contribution of capital assets from other funds	-	-	6,958	6,958	-
Total Noncash Capital Financing Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,853</u>	<u>\$ 131,853</u>	<u>\$ -</u>

Holland Charter Township, Michigan
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2007

	Agency Fund Type	
	Tax Collection	Escrow Deposit
ASSETS		
Cash and investments	\$ 1,464,014	\$ 6,132
Accrued interest receivable	-	54
 Total Assets	 <u>\$ 1,464,014</u>	 <u>\$ 6,186</u>
 LIABILITIES		
Accounts payable	\$ 179,123	\$ -
Due to other governments	1,284,891	-
Deferred revenue	-	6,186
 Total Liabilities	 <u>\$ 1,464,014</u>	 <u>\$ 6,186</u>

Holland Charter Township, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Holland Charter Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Holland Charter Township:

A. Reporting Entity

The Charter Township of Holland is governed by an elected seven-member board of trustees. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Unit. The Economic Development Corporation (EDC) of the Charter Township of Holland is governed by a nine-member board of directors appointed by the township's board of trustees. The EDC promotes economic development within the township through various means including issuance of the Corporation's economic development revenue bonds to finance economic development projects, which require approval by the township's board of trustees. The EDC is reported as a special revenue fund.

Discretely Presented Component Unit. The township has no discretely presented component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. (Holland Charter Township has no such component units.)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue, and charges for services. Sales taxes (state shared revenues) collected and held by the State at year end on behalf of the township and paid to the township at the end of the following February are recognized as revenue in the year received. Such amounts are not normally received within 60 days of the end of the current fiscal year and are budgeted for use by the township in the year received. Other revenue is recorded when received.

The township reports the following major governmental funds:

General Fund

The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Industrial Park Fund

This Capital Project Fund receives contributions from the General Fund and other revenues for acquisition of land and development of industrial parks.

The government reports the following major proprietary funds:

Water Operating Fund

This fund is used to account for the operation and maintenance of a water distribution system, including storage tanks, pumping stations, distribution mains and services and related equipment. Water is purchased from the City of Wyoming for storage and distribution to the township's customers, including portions of neighboring Park and Zeeland Townships.

Wastewater Operating Fund

This fund is used to account for the operation and maintenance of a wastewater collection system. The township owns a portion of the capacity of the Holland City Wastewater Treatment Plant, with whom the township contracts for wastewater treatment services.

Water and Wastewater Construction and Debt Service Fund

This fund is used to account for the construction of major water and wastewater systems improvements and additions, which may be financed by issuing bonds or by assessments charged to the benefiting properties. This fund also accounts for the fixed assets after construction and the accumulation of resources for and the payment of long-term debt resulting from such projects.

Additionally, the government reports the following fund types:

Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Funds

The Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Proprietary Funds

Internal Service Funds

The OPEB Internal Service Fund accounts for internal premium charges to departments and funds, retiree premium co-payments, commercial health insurance premiums and contractual expenses associated with provision for health benefits for eligible retired employees of the township.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency Funds account for assets held by the township in a purely custodial capacity. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The township has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of the interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the township's water and sewer function and various other functions of the township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Bank Deposits and Investments.

The township pools cash resources of its various funds to facilitate the management of cash. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the township's investments. The following accounts are maintained on a separate basis outside of the combined cash management pool: petty cash and imprest cash accounts; the Tax Collection Fund; and an agency fund.

For purposes of the statement of cash flows, the proprietary funds type considers all transactions within the township's pooled cash accounts to be cash and cash equivalents.

Investments are recorded at fair value. Interest income earned by the pool is allocated by capturing the average daily balance of each individual fund relative to the average daily balance of all funds participating in the pool. For various periods of time during the fiscal year, certain funds experienced negative daily cash balance positions in the pool; in which cases these same funds were charged with an allotted share of "negative investment earnings" directly correlating to the negative average daily balance participation in the pool.

2. Receivables and Payables.

In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

3. Inventories and Prepaid Items.

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are not material and are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets.

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year \$0 of interest expense was capitalized as part of the cost of assets under construction.

Included in capital assets are the township’s investment in roads and drains within the township that are recorded as intangible assets (shared road improvements and flowage rights). Although paid for by the township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	5-20
Water and Sewer Lines	20-50
Roads	10-30
Other Infrastructure	10-15
Vehicles	3-25
Office Equipment	5-20
Computer Equipment	3-5

5. Compensated Absences.

It is the township’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested and accumulated vacation leave is expected to be liquidated with expendable available financial resources and is reported as an expenditure and a fund liability of the government-wide, governmental and proprietary fund financial statements. A liability is recognized for that portion of accumulating sick leave benefits (50%) that is estimated will be taken as “terminal leave” prior to retirement.

6. Long-Term Obligations.

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

7. Fund Equity.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Property Taxes

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge through February 14. The township continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. Taxes returned delinquent to the county treasurer are subject to penalty and interest. The county's policy has been to pay the township for all delinquent real property taxes returned. The township continues to collect delinquent personal property taxes.

Although the township's 2006 ad valorem tax is levied and collectible on December 1, 2006, it is the township's policy to recognize revenue from this levy in the year ended December 31, 2007, when the proceeds of this levy are budgeted and made available for the financing of operations.

The 2006 taxable equivalency valuation of the township totaled \$1,269,216,318 (\$1,208,037,758 ad valorem and \$61,178,560 abated property), on which taxes levied consisted of 3.6389 mills for operating purposes, 1.3111 mills for library services, 0.86 mills for E-unit services and 0.49 mills for bike paths. This resulted in \$4,618,551 for operating, \$1,664,070 for library services, \$1,091,526 for E-unit services and \$621,916 for bike paths. These amounts are recognized in the General Fund financial statements as tax revenue.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

NOTE 2. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated several banks for the deposit of township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all of State statutory authority as listed above.

The township's deposits and investment policy are in accordance with statutory authority.

At year-end, the township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Investments	<u>\$ 18,269,564</u>	<u>\$ 33,529,470</u>	<u>\$ 1,470,146</u>	<u>\$ 53,269,180</u>

The breakdown between deposits and investments is as follows:

Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 8,409,684
Investments	<u>44,859,496</u>
Total	<u>\$ 53,269,180</u>

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the township's deposits may not be returned. The township does not have a deposit policy for custodial credit risk. At year end the bank balance of the township's deposits was \$8,527,889 of which \$200,000 was covered by federal depository insurance and \$8,327,889 was exposed to custodial credit risk because it was uninsured and uncollateralized. The township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the township evaluates each financial institution with which it deposits township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

The township chooses to disclose its investments by utilizing the specific identification method. As of December 31, 2007 the township had the following investments.

US Government Agency Obligations	\$ 40,135,421
Money Market Accounts	3,481,810
Investment Pools	<u>1,242,265</u>
 Total	 <u>\$ 44,859,496</u>

The township's investment in US Government Agency Obligations at year end consists of:

Investment	Maturities	Fair Value	Investment	Maturities	Fair Value
Federal Home Loan Bank	06-30-08	\$ 498,905	Federal Home Loan Bank	01-17-12	\$ 2,042,500
Federal Home Loan Bank	07-17-08	606,249	Federal Home Loan Bank	04-17-12	1,018,440
Federal Home Loan Bank	07-28-08	1,000,310	Federal Home Loan Bank	12-07-12	1,023,440
Federal Home Loan Bank	09-24-08	1,005,310	Federal Home Loan Bank	03-26-14	1,512,465
Federal Home Loan Bank	10-28-08	997,190	Federal Home Loan Bank	09-24-15	1,028,130
Federal Home Loan Bank	12-12-08	1,006,250	Federal Home Loan Mtg Corp	12-23-11	1,102,992
Federal Home Loan Bank	12-19-08	1,000,940	Federal Home Loan Mtg Corp	05-06-13	1,603,008
Federal Home Loan Bank	10-23-09	1,190,750	Federal Home Loan Mtg Corp	12-12-14	1,008,090
Federal Home Loan Bank	06-25-10	2,013,760	Federal Home Loan Mtg Corp	10-02-20	1,011,520
Federal Home Loan Bank	10-26-10	1,000,940	Federal National Mtg Assoc	07-02-08	993,130
Federal Home Loan Bank	12-20-10	1,587,410	Federal National Mtg Assoc	02-17-09	1,986,040
Federal Home Loan Bank	03-28-11	1,002,500	Federal National Mtg Assoc	03-05-14	2,585,498
Federal Home Loan Bank	06-10-11	1,050,310	Federal National Mtg Assoc	10-30-17	1,684,584
Federal Home Loan Bank	08-24-11	1,011,290	Federal National Mtg Assoc	12-21-17	4,542,210
			Federal National Mtg Assoc	06-25-27	<u>2,021,260</u>
			Total		<u>\$ 40,135,421</u>

Interest rate risk. Except as limited by state law as listed in the above list of authorized investments the township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The township has no investment policy that limits its investment choices beyond those required by state law. The township's investments in US Government Agency Obligations were rated AAA by Standard & Poor's.

At year end the township had \$3,481,810 in permissible money market funds and \$1,242,265 in permissible investment pools that are not separately rated.

Custodial Credit Risk-Investments. For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the township will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The township has not adopted a policy for investment custodial credit risk. As of December 31, 2007, the township's investments were held by a third party in the township's name. The township's investments in money market accounts are not subject to risk categorization.

Concentration of Credit Risk. State law does not limit and the township has not adopted a formal policy on the amount the township may invest in any one issuer. More than 5% of the township's investments are in the Federal Home Loan Bank (48.2%), Federal National Mortgage Association (30.8%), the Federal Home Loan Mortgage Corporation (10.5%), and the Fifth Third Securities Institutional Government Money Market Account (7.8%).

B. Receivables

Receivables as of year-end for the township's individual major funds, and non-major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Industrial Park	Enterprise			Non-major Funds	Internal Service	Agency	Total
			Water Operating	Wastewater Operating	Construction				
Receivables:									
Taxes	\$ 4,951,034	\$ -	\$ -	\$ -	\$ -	\$ 3,383	\$ -	\$ -	\$ 4,954,417
Accounts	47,789	-	438,453	412,902	164,933	21,280	-	-	1,085,357
Interest	106,221	2,081	69,613	51,941	147,274	46,359	20,072	54	443,615
Intergovernmental	357,668	-	128	329	-	-	-	-	358,125
Special assessments	-	-	-	-	3,815,411	-	-	-	3,815,411
Gross receivables	5,462,712	2,081	508,194	465,172	4,127,618	71,022	20,072	54	10,656,925
Allowance for uncollectibles	(16,720)	-	-	-	-	-	-	-	(16,720)
Net Total Receivables	\$ 5,445,992	\$ 2,081	\$ 508,194	\$ 465,172	\$ 4,127,618	\$ 71,022	\$ 20,072	\$ 54	\$ 10,640,205

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Rent	\$ -	\$ 425
Property Taxes	8,187,775	-
Total Deferred Revenues	\$ 8,187,775	\$ 425

C. Capital Assets

Capital asset activity of the township for the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 6,208,171	\$ 2,315,712	\$ -	\$ -	\$ 8,523,883
Construction in progress	141,432	213,646	-	(141,432)	213,646
Subtotal	6,349,603	2,529,358	-	(141,432)	8,737,529
Capital Assets Being Depreciated					
Building and Improvements	5,843,369	-	-	-	5,843,369
Land improvements	8,163,704	274,279	(36,125)	-	8,401,858
Machinery and equipment	1,426,555	48,949	(81,209)	-	1,394,295
Office furniture and equipment	566,515	11,289	(119,296)	-	458,508
Vehicles	2,564,620	-	-	-	2,564,620
Infrastructure	23,116,525	1,124,799	(701,440)	-	23,539,884
Subtotal	41,681,288	1,459,316	(938,070)	-	42,202,534
Less Accumulated Depreciation for					
Building and Improvements	(1,651,191)	(163,022)	-	-	(1,814,213)
Land improvements	(2,347,843)	(416,453)	36,125	-	(2,728,171)
Machinery and equipment	(709,735)	(140,352)	81,209	-	(768,878)
Office furniture and equipment	(354,331)	(40,697)	119,296	-	(275,732)
Vehicles	(1,074,557)	(148,821)	-	-	(1,223,378)
Infrastructure	(8,489,871)	(1,191,078)	701,440	-	(8,979,509)
Subtotal	(14,627,528)	(2,100,423)	938,070	-	(15,789,881)
Net Capital Assets Being Depreciated	27,053,760	(641,107)	-	-	26,412,653
Governmental Activities Total					
Capital Assets-Net of Depreciation	<u>\$ 33,403,363</u>	<u>\$ 1,888,251</u>	<u>\$ -</u>	<u>\$ (141,432)</u>	<u>\$ 35,150,182</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 95,907
Public safety	240,412
Public works	1,202,302
Community and economic development	-
Recreation and culture	561,802
	<u>\$ 2,100,423</u>

Business-Type Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Completed Construction</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated					
Land	\$ 214,653	\$ -	\$ -	\$ -	\$ 214,653
Construction in progress	<u>311,418</u>	<u>991,353</u>	<u>(372,474)</u>	<u>(710,114)</u>	<u>220,183</u>
Subtotal	<u>526,071</u>	<u>991,353</u>	<u>(372,474)</u>	<u>(710,114)</u>	<u>434,836</u>
Capital Assets Being Depreciated					
Buildings	1,843,763	-	-	-	1,843,763
Improvements other than buildings	175,894	-	-	-	175,894
Machinery and equipment	877,117	42,189	(211,675)	-	707,631
Vehicles	569,821	62,736	(57,286)	-	575,271
Water and wastewater systems	<u>96,084,254</u>	<u>841,967</u>	<u>-</u>	<u>-</u>	<u>96,926,221</u>
Subtotal	<u>99,550,849</u>	<u>946,892</u>	<u>(268,961)</u>	<u>-</u>	<u>100,228,780</u>
Less Accumulated Depreciation for					
Buildings	(605,566)	(47,097)	-	-	(652,663)
Improvements other than buildings	(85,926)	(8,794)	-	-	(94,720)
Machinery and equipment	(531,677)	(66,788)	211,675	-	(386,790)
Vehicles	(317,085)	(59,841)	51,536	-	(325,390)
Water and wastewater systems	<u>(29,700,874)</u>	<u>(2,133,671)</u>	<u>-</u>	<u>-</u>	<u>(31,834,545)</u>
Subtotal	<u>(31,241,128)</u>	<u>(2,316,191)</u>	<u>263,211</u>	<u>-</u>	<u>(33,294,108)</u>
Net Capital Assets Being Depreciated	<u>68,309,721</u>	<u>(1,369,299)</u>	<u>(5,750)</u>	<u>-</u>	<u>66,934,672</u>
Business-Type Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 68,835,792</u>	<u>\$ (377,946)</u>	<u>\$ (378,224)</u>	<u>\$ (710,114)</u>	<u>\$ 67,369,508</u>

Depreciation expense was charged to business-type activities as follows:

Water and wastewater	<u>\$ 2,316,192</u>
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Construction Commitments-The township has active construction projects at year-end. At year-end the township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Park improvement projects	\$ 193,383	\$ 26,886
Road and storm sewer construction projects	10,471	294,590
Water system projects	<u>-</u>	<u>72,042</u>
Total	<u>\$ 203,854</u>	<u>\$ 393,518</u>

D. Interfund Receivables, Payables and Transfers

At December 31, 2007, there were no interfund balances. Interfund transfers reported in the funds statements were as follows:

	Transfers Out				
	General Fund	Non-major Governmental Funds	Water Operating Fund	Wastewater Operating Fund	Total
Transfers In					
General Fund	\$ -	\$ 457,742 (3)	\$ -	\$ -	\$ 457,742
Lake Macatawa Management Fund	30,000 (1)	-	-	-	30,000
Dunton Park Fund	400,000 (2)	-	-	-	400,000
Helder Park Fund	100,000 (2)	-	-	-	100,000
Quincy Park Fund	100,000 (2)	-	-	-	100,000
Building Department Fund	100,000 (1)	-	-	-	100,000
JB Laboratories Fund	325,000 (2)	-	-	-	325,000
Building and Site Fund	200,000 (2)	-	-	-	200,000
Capital Improvements Fund	50,000 (2)	-	-	-	50,000
Fire Equipment Replacement Fund	190,000 (2)	-	-	-	190,000
Industrial Park Capital Improvement Fund	2,350,000 (2)	-	-	-	2,350,000
Water and Wastewater Construction and Debt Service Fund	-	-	350,000 (4)	455,000 (4)	805,000
	<u>\$ 3,845,000</u>	<u>\$ 457,742</u>	<u>\$ 350,000</u>	<u>\$ 455,000</u>	<u>\$ 5,107,742</u>

The following describes the nature of significant transfers:

- (1) Transfers from General Fund for operating purposes
- (2) Transfers from General Fund for capital construction, acquisition, or project working capital
- (3) Return of transfers from General Fund for project working capital
- (4) Transfers from Water and Wastewater Operating Funds for debt service

E. Long-Term Debt

The township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
Long-term contract						
Park-Holland Township Water & Sewer Authority, interest rates from 3.5% to 5.5%, maturing 2009	\$ 825,000	\$ 240,000	\$ -	\$ (75,000)	\$ 165,000	\$ 80,000
Business-Type Activities						
County Contractual Obligations						
Wastewater treatment plant refunding, interest rates from 2.8% to 4.75%, maturing 2014	\$ 3,570,000	\$ 2,023,500	\$ -	\$ (214,500)	\$ 1,809,000	\$ 223,500
Water system, interest rates from 3.7% to 5.15%, maturing 2018	3,920,000	2,765,000	-	(175,000)	2,590,000	185,000
Water and wastewater system refunding, interest rates from 2.8% to 5.5%, maturing 2011	17,095,000	1,945,000	-	(415,000)	1,530,000	440,000
		<u>\$ 6,733,500</u>	<u>\$ -</u>	<u>\$ (804,500)</u>	<u>\$ 5,929,000</u>	<u>\$ 848,500</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Year End December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 80,000	\$ 7,187	\$ 848,500	\$ 265,836
2009	85,000	2,444	889,000	226,930
2010	-	-	936,000	185,113
2011	-	-	606,500	149,893
2012	-	-	490,000	124,743
2013-2017	-	-	1,864,000	306,811
2018	-	-	295,000	15,192
	<u>\$ 165,000</u>	<u>\$ 9,631</u>	<u>\$ 5,929,000</u>	<u>\$ 1,274,518</u>

Holland Charter Township, along with other local municipalities, purchases water from the City of Wyoming for storage and distribution to the township's customers. The City of Wyoming bills Ottawa County for this water purchase which in turn bills the individual municipalities.

Ottawa County has issued general obligation bonds to provide for the construction and acquisition of a portion of the City of Wyoming water system for the benefit of the local municipalities. Each participating municipality has pledged its full faith and credit for the payment of its respective share of contract payments to Ottawa County sufficient to pay the principal and interest on the bonds.

Separate contract payments for principal and interest on these bonds are not made by the township but instead are included as part of the overall water rate charged by Ottawa County to the township.

At December 31, 2007, the portion of these Ottawa County bonds outstanding for which the township has pledged its full faith and credit amounted to \$20,203,076.

NOTE 3. OTHER INFORMATION

A. Risk Management

The township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The township has purchased full multi-peril insurance coverage underwritten by the Michigan Township Participating Plan. The township is fully insured for workers compensation claims by coverage underwritten by the Michigan Municipal Workers Compensation Fund. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

B. Agreement – Wastewater Treatment Plant

In 1979, an agreement between the City of Holland and the Townships of Holland, Fillmore, Laketown, and Park was established to expand the wastewater treatment plant of the City of Holland. In 1994, these parties established a new agreement to once again expand the wastewater treatment plant. This new expansion project, completed in 1995, provides approximately 60% more capacity to accommodate a sustained wastewater flow of 16 million gallons per day.

Because the City of Holland is responsible for the operation and maintenance of the plant and has significant control within the governing body of the plant, the City of Holland accounts for the plant within its Wastewater Utility Fund. The township capitalized its portion of the cost of the expanded plant and recorded as a liability its portion of the County of Ottawa general obligation bonds to finance the 1978 and 1995 expansions.

Operating and maintenance costs are allocated among the user governments based on actual total flow and loading into the wastewater treatment plant. These costs are recovered by customer user charges.

C. Subsequent Events

On January 3, 2008 the Township Board renewed several appropriation agreements for contracted services in the amount of \$51,500 as provided within the township's fiscal year 2008 operating budget.

On February 7, 2008, the Township Board approved the purchase of 6 new trucks at a net cost of \$72,340 after trade allowances. These purchases are provided for within the township's 2008 capital budget.

D. Contingent Liabilities

Several owners of property in the township have appealed their property assessments to the Michigan Tax Tribunal. The township is also involved in various lawsuits and miscellaneous criminal prosecutions. Although the outcome of these matters is not presently determinable, in the opinion of the township attorney the resolution of these matters will not have a material adverse effect on the financial condition of the township.

E. Jointly Governed Organization

The township, in conjunction with neighboring Park Township, created the Park-Holland Townships Water and Sewer Authority (PHTWSA) in 1994 pursuant to Act 233, Public Acts of Michigan, 1955, as amended, for the purpose of financing the acquisition and/or construction of improvements to the water supply systems, sanitary sewer systems and/or storm sewer systems of these local units of government. Each township appoints two members to PHTWSA's governing board. Currently, PHTWSA receives 100% of its funding from Holland Charter Township which amounted to \$86,000 for 2007. The township would not receive any additional benefit or detriment upon dissolution of this joint venture. The township's equity interest in this joint venture is insignificant. Complete financial statements for PHTWSA can be obtained from Holland Charter Township, 353 North 120th Avenue, Holland MI 49424.

F. Other Post-Employment Benefits

The township has elected to provide postretirement health care benefits to certain eligible retired employees. Eligible recipients include all full-time employees who have reached the age of 62 and have worked at least ten years for the township upon their retirement from the township. Such benefits are provided to eligible retirees within the schedule of benefits for the township's pre-Medicare and Medicare supplement insurance plans. The township may provide postretirement benefits to its retirees at its discretion and is not obligated in any manner to provide any postretirement benefits in addition to the pension benefits described under the Defined Contribution Pension Plan note.

As of the end of the fiscal year, 5 eligible retirees and spouses were receiving such postretirement benefits. Expenditures for postretirement benefits are recognized as the township makes payment of monthly premiums to the group provider. For the year ended December 31, 2007, expenditures of \$26,497 were recognized for postretirement health care benefits, which are net of \$18,890 in reimbursements received from retirees.

During 2006, the township established an OPEB Internal Service Fund and received an actuarial valuation to quantify the obligation for retiree health care benefits. The township transferred \$2,006,068 to the OPEB Internal Service Fund from the General Fund, Water Operating Fund, and Wastewater Operating Fund. This amount is equal to the accumulated post-employment benefit obligation for retiree health insurance benefits at December 31, 2006 based on the actuarial valuation. The OPEB Internal Service Fund received \$123,346 during fiscal year 2007 in charges to other funds for OPEB benefit obligations.

G. Deferred Compensation Plan

The township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted for any other use. The Administrators are the agents of the employer for the purpose of providing direction to the custodian of the custodial accounts from time to time for the investment of the funds held in the account, transfer of the assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the township's financial statements.

H. Pension Plan

The Holland Charter Township Pension Plan is a defined contribution plan established by the township to provide benefits at retirement to eligible employees of the township meeting length of service requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. At December 31, 2007, there were 49 plan participants. The township is required to contribute 9.5% of covered compensation. Plan participants are required to contribute 2.5% of covered compensation. The township contributes 12% of covered compensation for the elected trustees. Contributions to the Plan by the township were \$192,464 for the year ended December 31, 2007. Plan provisions and contribution requirements are established and may be amended by the Holland Charter Township Board.

Required Supplementary Information

Holland Charter Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Taxes	\$ 7,990,000	\$ 8,071,000	\$ 8,091,158	\$ 20,158
Licenses and permits	71,000	71,000	75,263	4,263
State shared revenues	2,031,000	2,081,000	2,121,270	40,270
Charges for services	79,000	64,000	87,368	23,368
Interest	250,000	625,000	773,480	148,480
Other	105,000	108,350	152,291	43,941
Total Revenues	<u>10,526,000</u>	<u>11,020,350</u>	<u>11,300,830</u>	<u>280,480</u>
Expenditures:				
Current:				
General Government:				
Township Board	38,200	38,200	29,733	8,467
Supervisor	36,500	46,528	44,608	1,920
Superintendent	80,900	80,900	75,920	4,980
Assistant superintendent	78,500	81,098	75,022	6,076
Elections	7,500	7,500	3,232	4,268
Accounting	64,200	65,579	60,856	4,723
Assessor	304,700	302,452	290,926	11,526
Attorney	100,000	120,000	110,725	9,275
Clerk	29,200	34,359	33,704	655
Board of Review	4,200	5,200	4,430	770
General administration	167,500	149,590	127,676	21,914
Treasurer	106,800	112,657	103,663	8,994
Computer services	43,000	37,000	32,090	4,910
Building and grounds	63,000	50,000	43,699	6,301
Other property	3,000	3,000	179	2,821
Cemetery	10,000	23,000	22,460	540
Unallocated and other	40,000	30,000	2,072	27,928
Total General Government	<u>1,177,200</u>	<u>1,187,063</u>	<u>1,060,995</u>	<u>126,068</u>
Public Safety:				
Sheriff E-Unit and police services	492,000	577,000	540,165	36,835
Zoning enforcement and community policing	622,000	522,000	471,897	50,103
Fire department	720,000	667,350	629,588	37,762
Total Public Safety	<u>1,834,000</u>	<u>1,766,350</u>	<u>1,641,650</u>	<u>124,700</u>
Public Works:				
Leaf collection and cleanup services	53,000	50,000	48,007	1,993
Bike paths	482,000	444,854	408,023	36,831
Drains	475,000	300,000	277,583	22,417
Highways, streets and bridges	937,000	647,000	469,914	177,086
Street lighting	263,000	263,000	256,315	6,685
Public transit	170,000	90,000	83,950	6,050
Total Public Works	<u>2,380,000</u>	<u>1,794,854</u>	<u>1,543,792</u>	<u>251,062</u>

Holland Charter Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Community and Economic Development				
Economic development	55,000	40,000	40,000	-
Northside neighborhood center	40,000	40,000	40,000	-
Planning Commission and administration	85,500	90,828	82,665	8,163
Macatawa Area Coordinating Council	40,000	35,000	33,759	1,241
Zoning Board of Appeals	8,700	8,700	4,996	3,704
Zoning administration	78,000	82,439	72,902	9,537
Total Community and Economic Development	<u>307,200</u>	<u>296,967</u>	<u>274,322</u>	<u>22,645</u>
Recreation and Culture:				
Recreation	300,000	271,361	246,113	25,248
Parks	593,000	564,843	538,708	26,135
Triathlon event	15,000	15,000	14,630	370
Libraries	1,650,000	1,670,000	1,669,335	665
Community services	58,000	58,000	55,113	2,887
Parades and floats	1,000	1,000	800	200
Total Recreation and Culture	<u>2,617,000</u>	<u>2,580,204</u>	<u>2,524,699</u>	<u>55,505</u>
Other:				
Insurance	88,000	88,000	85,678	2,322
Other fringes	87,000	40,000	37,743	2,257
Other	300,000	-	-	-
Total Other	<u>475,000</u>	<u>128,000</u>	<u>123,421</u>	<u>4,579</u>
Total Expenditures	<u>8,790,400</u>	<u>7,753,438</u>	<u>7,168,879</u>	<u>584,559</u>
Excess Of Revenues Over Expenditures	<u>1,735,600</u>	<u>3,266,912</u>	<u>4,131,951</u>	<u>865,039</u>
Other Financing Sources (Uses):				
Transfers in	457,000	457,742	457,742	-
Transfers out	(1,320,000)	(3,845,000)	(3,845,000)	-
Total Other Financing Sources (Uses)	<u>(863,000)</u>	<u>(3,387,258)</u>	<u>(3,387,258)</u>	<u>-</u>
Net Change in Fund Balances	872,600	(120,346)	744,693	865,039
Fund Balances - January 1	<u>8,369,995</u>	<u>8,369,995</u>	<u>8,369,995</u>	<u>-</u>
Fund Balances - December 31	<u>\$ 9,242,595</u>	<u>\$ 8,249,649</u>	<u>\$ 9,114,688</u>	<u>\$ 865,039</u>

Holland Charter Township, Michigan
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2007

NOTE - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. In August of each year, all departments of the township submit requests for appropriations to the superintendent and the finance director so that a budget may be prepared. By September 1, the proposed budget is presented to the Board of Trustees for review. The Board of Trustees holds study sessions and public hearings and a final budget must be prepared and adopted by December 31.

In addition to adopting the annual operating budget, the Board of Trustees annually reviews and approves the Capital Improvement Program (CIP). The CIP is a five-year plan for capital project expenditures and anticipated revenue sources. The CIP is reviewed and approved during the months of June and July of each year.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level. The appropriated budget is prepared by fund, function and department. Expenditures may not legally exceed budget appropriations at the department level within the fund. Appropriated budgets are amended from time to time throughout the course of the fiscal year by supplementary resolutions approved by a majority vote of the Board of Trustees.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

B. Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

Budget Items	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>
Jim Kaat Baseball Park Fund - Capital outlay	\$ 17,000	\$ 22,288

Supplemental Data

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources other than expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Youth Recreation Fund – was established to account for the recreational fees, contributions and township funds expended for recreation programs involving children and youth participants.

Lake Macatawa Watershed Management Fund – was established to account for grants, contributions and township funds expended for management of the Lake Macatawa Watershed. The Macatawa Watershed Project is a ten-year plan to reduce the nonpoint sources of phosphorus in the watershed as directed by federal and state environmental agencies.

Dunton Park Fund – was established to account for grants, contributions and township funds expended for acquisition, improvement and maintenance of Dunton Park.

Helder Park Fund – was established to account for grants, contributions and township funds expended for acquisition, improvement and maintenance of Helder Park.

Jim Kaat Baseball Park Fund – was established to account for contributions, township funds and other revenues expended for construction, improvement and maintenance of a little league baseball park complex located at Helder Park.

Quincy Park Fund – was established to account for grants, contributions and township funds expended for acquisition, improvement and maintenance of Quincy Park.

Building Department Fund – was established to account for revenues and expenditures related to the cost of operating the building construction code enforcement activities of the township. The fund is required by PA 230 of 1972, as amended by PA 245 of 1999.

Boar's Head Fund – was established to account for grants and local match monies for wastewater pre-treatment and infrastructure upgrades for expansion of the Boar's Head Provisions Co., Inc. manufacturing facility.

Agritek Fund – was established to account for grants and local match monies for infrastructure upgrades for relocation and expansion of Agritek Industries, Inc.

JB Laboratories Fund – was established to account for grants and local match monies for infrastructure upgrades for expansion of JB Laboratories, Inc.

ADW Brownfield Fund – was established to account for receipt of locally derived tax increment financing monies and payments to ADW LLC for eligible costs incurred involving cleanup and/or redevelopment of an environmentally contaminated site.

Economic Development Corporation – was established to account for the fees and expenses of the Economic Development Program.

Quincy Park Clean-Up Fund – was established to account for the grants received from the state and township contributions with the monies to be used for the clean up of Quincy Park.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Building and Site Fund – this fund accounts for contributions from the General Fund to be used for property acquisitions and for building additions and improvements.

Capital Improvement Fund – this fund receives contributions from the General Fund for future township capital projects.

Fire Equipment Replacement Fund – this fund receives contributions from the General Fund to be used for replacing fire equipment.

Holland Charter Township, Michigan
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2007

	Special Revenue Funds								
	Youth Recreation	Lake Macatawa Management	Dunton Park	Helder Park	Jim Kaat Baseball Park	Quincy Park	Building Department	Boar's Head CDBG	Agritek CDBG
ASSETS									
Cash and investments	\$ 53,417	\$ 145,286	\$ 412,680	\$ 360,488	\$ 183,384	\$ 968,308	\$ 166,497	\$ 78,783	\$ -
Receivables:									
Taxes	-	-	-	-	-	-	-	-	-
Accounts	800	-	-	-	20,480	-	-	-	-
Interest	551	1,225	4,288	3,107	-	8,443	1,735	-	-
TOTAL ASSETS	\$ 54,768	\$ 146,511	\$ 416,968	\$ 363,595	\$ 203,864	\$ 976,751	\$ 168,232	\$ 78,783	\$ -
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 2,666	\$ -	\$ 355	\$ -	\$ 2,632	\$ -	\$ 6,467	\$ 10,543	\$ -
Accrued payroll	-	-	-	-	-	-	10,010	-	-
Compensated absences payable	-	-	-	-	-	-	29,462	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	2,666	-	355	-	2,632	-	45,939	10,543	-
Fund Balances:									
Reserved	-	-	-	-	-	-	-	-	-
Unreserved	52,102	146,511	416,613	363,595	201,232	976,751	122,293	68,240	-
Total Fund Balances	52,102	146,511	416,613	363,595	201,232	976,751	122,293	68,240	-
Total Liabilities and Fund Balances	\$ 54,768	\$ 146,511	\$ 416,968	\$ 363,595	\$ 203,864	\$ 976,751	\$ 168,232	\$ 78,783	\$ -

JB Labs CDBG	ADW Brownfield	E.D.C.	Quincy Park Clean-up	Total	Capital Projects Funds			Total	Total Nonmajor Governmental Funds
					Building and Site	Capital Improvement	Fire Equipment Replacement		
\$ 325,003	\$ 5,029	\$ 5,988	\$ 159,238	\$ 2,864,101	\$ 1,553,043	\$ 433,093	\$ 978,360	\$ 2,964,496	\$ 5,828,597
-	3,383	-	-	3,383	-	-	-	-	3,383
-	-	-	-	21,280	-	-	-	-	21,280
-	19	53	1,439	20,860	13,386	3,803	8,310	25,499	46,359
<u>\$ 325,003</u>	<u>\$ 8,431</u>	<u>\$ 6,041</u>	<u>\$ 160,677</u>	<u>\$ 2,909,624</u>	<u>\$ 1,566,429</u>	<u>\$ 436,896</u>	<u>\$ 986,670</u>	<u>\$ 2,989,995</u>	<u>\$ 5,899,619</u>
\$ 5,219	\$ -	\$ -	\$ -	\$ 27,882	\$ -	\$ -	\$ -	\$ -	\$ 27,882
-	-	-	-	10,010	-	-	-	-	10,010
-	-	-	-	29,462	-	-	-	-	29,462
-	3,383	-	-	3,383	-	-	-	-	3,383
<u>5,219</u>	<u>3,383</u>	<u>-</u>	<u>-</u>	<u>70,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,737</u>
319,784	5,048	6,041	160,677	2,838,887	1,566,429	436,896	986,670	2,989,995	5,828,882
<u>319,784</u>	<u>5,048</u>	<u>6,041</u>	<u>160,677</u>	<u>2,838,887</u>	<u>1,566,429</u>	<u>436,896</u>	<u>986,670</u>	<u>2,989,995</u>	<u>5,828,882</u>
<u>\$ 325,003</u>	<u>\$ 8,431</u>	<u>\$ 6,041</u>	<u>\$ 160,677</u>	<u>\$ 2,909,624</u>	<u>\$ 1,566,429</u>	<u>\$ 436,896</u>	<u>\$ 986,670</u>	<u>\$ 2,989,995</u>	<u>\$ 5,899,619</u>

Holland Charter Township, Michigan
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2007

	Special Revenue Funds								
	Youth Recreation	Lake Macatawa Management	Dunton Park	Helder Park	Jim Kaat Baseball Park	Quincy Park	Building Department	Boar's Head CDBG	Agritek CDBG
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	283,011	-	-
Grants	-	-	17,700	-	-	-	-	101,021	-
Charges for services	102,603	-	22,487	-	20,480	-	-	-	-
Interest and rent	3,747	8,800	30,880	20,522	9,644	60,222	11,038	7,439	-
Other	481	-	6,193	-	302,569	-	55	-	-
Total Revenues	106,831	8,800	77,260	20,522	332,693	60,222	294,104	108,460	-
Expenditures:									
Current:									
General government	-	24,979	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	453,019	-	-
Community and economic development	-	-	-	-	-	-	-	104,871	-
Recreation and culture	83,544	-	14,778	-	30,720	-	-	-	-
Other	-	-	-	-	22,288	-	4,037	-	-
Capital outlay	-	-	336,763	17,789	-	10,666	-	87,839	-
Total Expenditures	83,544	24,979	351,541	17,789	53,008	10,666	457,056	192,710	-
Excess of Revenues Over (Under) Expenditures	23,287	(16,179)	(274,281)	2,733	279,685	49,556	(162,952)	(84,250)	-
Other Financing Sources (Uses):									
Transfers in	-	30,000	400,000	100,000	-	100,000	100,000	-	-
Transfers out	-	-	-	-	(425,000)	-	-	-	(32,742)
Total Other Financing Sources (Uses)	-	30,000	400,000	100,000	(425,000)	100,000	100,000	-	(32,742)
Net Change in Fund Balances	23,287	13,821	125,719	102,733	(145,315)	149,556	(62,952)	(84,250)	(32,742)
Fund Balances - January 1	28,815	132,690	290,894	260,862	346,547	827,195	185,245	152,490	32,742
Fund Balances - December 31	\$ 52,102	\$ 146,511	\$ 416,613	\$ 363,595	\$ 201,232	\$ 976,751	\$ 122,293	\$ 68,240	\$ -

					Capital Projects Funds				Total Nonmajor Governmental Funds
JB Labs CDBG	ADW Brownfield	E.D.C.	Quincy Park Clean-up	Total	Building and Site	Capital Improvement	Fire Equipment Replacement	Total	
\$ -	\$ 4,802	\$ -	\$ -	\$ 4,802	\$ -	\$ -	\$ -	\$ -	\$ 4,802
-	-	-	-	283,011	-	-	-	-	283,011
-	-	-	-	118,721	-	-	-	-	118,721
-	-	-	-	145,570	-	-	-	-	145,570
18,255	236	370	9,917	181,070	95,297	26,861	61,399	183,557	364,627
-	-	-	-	309,298	-	-	-	-	309,298
18,255	5,038	370	9,917	1,042,472	95,297	26,861	61,399	183,557	1,226,029
-	-	-	-	24,979	-	-	-	-	24,979
-	-	-	-	453,019	-	-	-	-	453,019
880	-	-	-	105,751	-	-	-	-	105,751
-	-	-	-	129,042	-	-	-	-	129,042
-	-	-	4,402	30,727	-	22,690	-	22,690	53,417
109,041	-	-	-	562,098	-	-	-	-	562,098
109,921	-	-	4,402	1,305,616	-	22,690	-	22,690	1,328,306
(91,666)	5,038	370	5,515	(263,144)	95,297	4,171	61,399	160,867	(102,277)
325,000	-	-	-	1,055,000	200,000	50,000	190,000	440,000	1,495,000
-	-	-	-	(457,742)	-	-	-	-	(457,742)
325,000	-	-	-	597,258	200,000	50,000	190,000	440,000	1,037,258
233,334	5,038	370	5,515	334,114	295,297	54,171	251,399	600,867	934,981
86,450	10	5,671	155,162	2,504,773	1,271,132	382,725	735,271	2,389,128	4,893,901
<u>\$ 319,784</u>	<u>\$ 5,048</u>	<u>\$ 6,041</u>	<u>\$ 160,677</u>	<u>\$ 2,838,887</u>	<u>\$ 1,566,429</u>	<u>\$ 436,896</u>	<u>\$ 986,670</u>	<u>\$ 2,989,995</u>	<u>\$ 5,828,882</u>

ADDITIONAL INFORMATION SECTION

Table 1

Holland Charter Township, Michigan
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
AND EXPENDITURES AND OTHER USES BY FUNCTION
Last Ten Fiscal Years

	1998	1999	2000	2001
Revenues and other financing sources:				
Taxes	\$ 4,451,935	\$ 4,969,756	\$ 5,469,731	\$ 5,912,368
Licenses and permits	460,020	511,927	58,660	59,683
Grants	-	-	-	-
State shared revenues	1,656,471	1,790,360	1,905,619	2,838,586
Local unit contributions	4,800	-	10,461	101,083
Charges for services	59,274	70,731	81,491	83,527
Interest	272,008	271,143	528,725	526,992
Other	68,460	56,471	63,259	73,469
Operating transfers in	-	-	-	-
	<u>\$ 6,972,968</u>	<u>\$ 7,670,388</u>	<u>\$ 8,117,946</u>	<u>\$ 9,595,708</u>
Expenditures and other uses:				
General government	\$ 824,014	\$ 861,246	\$ 805,020	\$ 812,849
Public safety	1,308,067	1,409,713	1,067,916	1,195,129
Public works	1,228,309	1,368,292	1,127,148	2,149,438
Community and economic development	119,522	138,935	175,093	178,976
Recreation and culture	1,547,866	2,000,368	1,882,446	1,978,958
Other	81,500	67,943	77,675	86,291
Operating transfers out	<u>1,775,000</u>	<u>1,042,000</u>	<u>1,713,000</u>	<u>2,665,000</u>
	<u>\$ 6,884,278</u>	<u>\$ 6,888,497</u>	<u>\$ 6,848,298</u>	<u>\$ 9,066,641</u>

Table 1 - Continued

2002	2003	2004	2005	2006	2007
\$ 6,283,303	\$ 6,845,577	\$ 7,124,252	\$ 7,376,890	\$ 7,701,404	\$ 8,091,158
59,348	55,442	65,180	68,129	74,805	75,263
-	-	-	-	-	-
2,498,453	2,309,849	2,157,165	2,183,241	2,145,387	2,121,270
363,736	-	-	-	-	-
79,568	82,391	84,025	100,116	79,805	87,368
367,369	204,326	214,134	259,727	584,967	773,480
71,100	418,900	87,564	158,213	148,338	152,291
-	-	-	-	780,000	457,742
<u>\$ 9,722,877</u>	<u>\$ 9,916,485</u>	<u>\$ 9,732,320</u>	<u>\$ 10,146,316</u>	<u>\$ 11,514,706</u>	<u>\$ 11,758,572</u>
\$ 904,168	\$ 935,439	\$ 1,150,645	\$ 1,007,535	\$ 1,050,006	\$ 1,060,995
1,335,691	1,419,428	1,542,555	1,552,712	1,600,117	1,641,650
2,896,188	2,738,396	2,822,930	2,531,833	1,622,660	1,543,792
203,756	216,988	230,607	253,892	269,553	274,322
2,426,609	2,293,899	2,338,224	2,412,459	2,533,253	2,524,699
104,032	111,562	151,041	144,673	155,158	123,421
1,667,000	875,000	1,250,000	2,775,000	2,868,138	3,845,000
<u>\$ 9,537,444</u>	<u>\$ 8,590,712</u>	<u>\$ 9,486,002</u>	<u>\$ 10,678,104</u>	<u>\$ 10,098,885</u>	<u>\$ 11,013,879</u>

Table 2

Holland Charter Township, Michigan
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended 12-31*	Year of Tax Levied on 12-1	Ad Valorem Tax Levy**	Collections to March 1, Year Following Levy	
			Amount	Percent
1998	1997	\$ 4,583,198	\$ 4,296,526	93.75%
1999	1998	4,951,313	4,678,092	94.48%
2000	1999	5,389,543	5,112,615	94.86%
2001	2000	5,625,140	5,310,769	94.41%
2002	2001	5,765,585	5,400,879	93.67%
2003	2002	6,310,331	5,956,644	94.40%
2004	2003	6,608,322	6,349,764	96.09%
2005	2004	6,892,665	6,623,535	96.10%
2006	2005	7,214,698	6,907,210	95.74%
2007	2006	7,610,511	7,253,761	95.31%

* Taxes are levied on December 1 of the prior fiscal year

** Ad valorem tax levy excludes Act 198 industrial facilities and Act 255 commercial facilities tax levies. The tax levy excludes taxes levied for other taxing jurisdictions, including school districts, the county, and the pool authority.

Table 3

Holland Charter Township, Michigan
ASSESSED AND TAXABLE VALUE OF PROPERTY
Last Ten Fiscal Years

Year	Assessed Value			Taxable Value		
	State Equalized Value	Act 198 IFT Act 255 CFT Abated Value	Total SEV and Abated Value	Taxable Value	Act 198 IFT Act 255 CFT Abated Value	Total Taxable and Abated Value
1998	\$ 776,675,700	\$ 121,499,000	\$ 898,174,700	\$ 709,371,229	\$ 120,561,996	\$ 829,933,225
1999	856,119,900	130,721,600	986,841,500	770,541,884	129,925,958	900,467,842
2000	924,259,500	138,430,500	1,062,690,000	824,071,142	136,306,008	960,377,150
2001	999,231,200	145,982,400	1,145,213,600	903,590,618	144,501,275	1,048,091,893
2002	1,099,806,700	139,274,900	1,239,081,600	986,248,111	138,613,778	1,124,861,889
2003	1,168,288,500	139,452,500	1,307,741,000	1,044,036,393	137,820,389	1,181,856,782
2004	1,209,331,300	125,381,800	1,334,713,100	1,095,324,560	124,993,428	1,220,317,988
2005	1,259,504,300	121,159,600	1,380,663,900	1,148,110,127	120,802,453	1,268,912,580
2006	1,320,482,300	121,265,900	1,441,748,200	1,211,043,561	120,913,569	1,331,957,130
2007	1,364,963,600	114,744,500	1,479,708,100	1,262,877,607	114,730,274	1,377,607,881

Valuations are stated as of the March Board of Review. The 2006 valuations are stated after including an omission of \$18,512,000 that was corrected by the July Board of Review.

Taxable property in the township is assessed initially by the Township's assessing officials, then equalized by Ottawa County and finally by the State. In accordance with Act 409, P.A. 1965, and Article IX, Section 3 of the Michigan Constitution, State Equalized Value ("SEV") represents 50% of true cash value.

On March 15, 1994, the people of the State of Michigan approved an amendment to the Michigan Constitution. The Amendment and implementing legislation limit the growth in assessments ("capped value") for each parcel of property to the percentage change in State Equalized Value, the rate of inflation, or 5%, whichever is less. When ownership of the parcel of property is transferred as defined by law, the parcel shall be assessed at the applicable proportion of current true cash value. The lower of the "capped value" or SEV is the Taxable Value of each parcel.

State Equalized Value and Taxable Value do not include any value of tax exempt property or property granted abatement under either Act 198, Michigan Public Acts of 1974, as amended ("Act 198") or Act 255, Michigan Public Acts of 1978, as amended ("Act 255"). Such an abatement entitles a facility to exemption from ad valorem property taxes for a period of up to 12 years. In lieu of the property tax, the facility pays a reduced tax.

Holland Charter Township, Michigan
COMPONENTS OF ASSESSED AND TAXABLE VALUE OF PROPERTY

Components of State Equalized Value Last Five Fiscal Years (By Use and Classification)					
	2007	2006	2005	2004	2003
Industrial	\$ 133,424,600	\$ 128,289,700	\$ 121,760,200	\$ 123,789,900	\$ 128,312,800
Commercial	340,381,200	328,005,900	327,819,700	315,868,600	304,608,200
Agricultural	24,089,200	24,061,100	22,607,700	23,618,600	22,688,900
Residential	<u>732,712,500</u>	<u>700,401,500</u>	<u>651,865,400</u>	<u>609,205,700</u>	<u>576,791,500</u>
Total Real Property	1,230,607,500	1,180,758,200	1,124,053,000	1,072,482,800	1,032,401,400
Total Personal Property	<u>134,356,100</u>	<u>139,724,100</u>	<u>135,451,300</u>	<u>136,848,500</u>	<u>135,887,100</u>
Total SEV	<u>\$ 1,364,963,600</u>	<u>\$ 1,320,482,300</u>	<u>\$ 1,259,504,300</u>	<u>\$ 1,209,331,300</u>	<u>\$1,168,288,500</u>

Components of 2007 Taxable Value

Industrial	\$ 127,093,271
Commercial	319,126,908
Agricultural	10,084,473
Residential	<u>672,308,172</u>
Total Real Property	<u>1,128,612,824</u>
Industrial	71,471,900
Commercial	53,224,336
Utility	9,568,547
Residential	<u>-</u>
Total Personal Property	<u>134,264,783</u>
Total Taxable Value	<u>\$1,262,877,607</u>

Table 5

Holland Charter Township, Michigan
 PROPERTY TAX RATES PER \$1,000 STATE EQUALIZED VALUATION
 FOR DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Fiscal Years

		HOLLAND TOWNSHIP		HOLLAND POOL AUTHORITY	SCHOOL DISTRICTS			
Year of Levy		Operating And Debt	Street Light District	Holland Pool Operating	Holland School District	West Ottawa School District	Zeeland School District	Ottawa Area Intermediate School District
1998	H	7.0000	0.3000	1.5000	4.6500	6.6500	7.0222	3.4588
1998	NH	7.0000	0.3000	1.5000	22.6500	24.3989	25.0222	3.4588
1999	H	7.0000	0.0000	1.4876	4.2468	6.4500	8.0236	4.3353
1999	NH	7.0000	0.0000	1.4876	22.2468	24.1279	26.0236	4.3353
2000	H	6.8000	0.0000	1.7500	4.0441	6.2200	8.0116	4.2999
2000	NH	6.8000	0.0000	1.7500	22.0441	24.2200	26.0116	4.2999
2001	H	6.4000	0.0000	1.7282	3.7426	6.2200	8.0074	4.2854
2001	NH	6.4000	0.0000	1.7282	21.7426	24.2200	26.0074	4.2854
2002	H	6.4000	0.0000	1.6667	3.7412	6.9468	7.9965	4.2688
2002	NH	6.4000	0.0000	1.6667	21.7412	24.9468	25.9965	4.2688
2003	H	6.3500	0.0000	1.5900	3.5868	6.9468	8.0010	4.2305
2003	NH	6.3500	0.0000	1.5900	21.5868	24.9468	26.0010	4.2305
2004	H	6.3000	0.0000	1.5700	3.5968	6.9468	8.0300	4.2192
2004	NH	6.3000	0.0000	1.5700	21.5968	24.9468	26.0300	4.2192
2005	H	6.3000	0.0000	1.5400	3.4868	7.0000	8.0300	4.2109
2005	NH	6.3000	0.0000	1.5400	21.4868	25.0000	26.0300	4.2109
2006	H	6.3000	0.0000	1.5000	3.2868	6.5500	8.0300	4.2093
2006	NH	6.3000	0.0000	1.5000	21.2868	24.5500	26.0300	4.2093
2007	H	6.2000	0.0000	1.4500	3.0368	6.5500	8.0300	5.5234
2007	NH	6.2000	0.0000	1.4500	21.0368	24.5500	26.0300	5.5234

Year of Levy		MACA- TAWA TRANS- PORTATION AUTHORITY	COUNTY	STATE	TOTAL FOR RESIDENTS OF		
			Ottawa County	Homestead Education Tax	Holland School District	West Ottawa School District	Zeeland School District
1998	H	0.0000	4.4804	6.0000	27.3892	27.8892	28.2614
1998	NH	0.0000	4.4804	6.0000	45.3892	45.6381	46.2614
1999	H	0.0000	4.3812	6.0000	27.4509	28.1665	29.7401
1999	NH	0.0000	4.3812	6.0000	45.4509	45.8444	47.7401
2000	H	0.0000	4.3760	6.0000	27.2700	27.6959	29.4875
2000	NH	0.0000	4.3760	6.0000	45.2700	45.6959	47.4875
2001	H	0.0000	4.2722	6.0000	26.4284	27.1776	28.9650
2001	NH	0.0000	4.2722	6.0000	44.4284	45.1776	46.9650
2002	H	0.0000	4.1672	6.0000	26.2439	27.7828	28.8325
2002	NH	0.0000	4.1672	6.0000	44.2439	45.7828	46.8325
2003	H	0.0000	4.1611	5.0000	24.9184	26.6884	27.7426
2003	NH	0.0000	4.1611	5.0000	42.9184	44.6884	45.7426
2004	H	0.0000	4.2593	6.0000	25.9453	27.7253	28.8085
2004	NH	0.0000	4.2593	6.0000	43.9453	45.7253	46.8085
2005	H	0.0000	4.2579	6.0000	25.7956	27.7688	28.7988
2005	NH	0.0000	4.2579	6.0000	43.7956	45.7688	46.7988
2006	H	0.0000	4.2572	6.0000	25.5533	27.3165	28.7965
2006	NH	0.0000	4.2572	6.0000	43.5533	45.3165	46.7965
2007	H	0.3500	4.3572	6.0000	26.9174	28.9806	30.4606
2007	NH	0.3500	4.3572	6.0000	44.9174	46.9806	48.4606

H= Homestead Properties

NH= Non-Homestead Properties

Holland Charter Township, Michigan
 PROFILE OF TEN LARGEST PROPERTY TAXPAYERS
 December 31, 2007

<u>Taxpayer</u>	<u>Principal Product/Service</u>	<u>2007 Taxable Equivalency Value</u>	<u>Percent Of Total 2007 Taxable Equivalency Value</u>
Pfizer (Parke-Davis & Co.)	Pharmaceuticals	\$ 26,321,364	1.99%
Magna Donnelly	Glass & automotive mirrors	17,495,291	1.32%
Geenen DeKock Properties	Commercial development	15,260,906	1.16%
Request Foods, Inc.	Pre-packaged dinners	12,741,750	0.96%
J.B. Laboratories, Inc.	Pharmaceuticals	9,999,567	0.76%
Herman Miller, Inc.	Office furniture	9,960,005	0.75%
Clearview Apartments	Apartment housing	8,532,256	0.65%
Meijer, Inc.	Retail department store	7,456,203	0.57%
Westshore Mall Ltd.	Retail shopping mall	7,444,700	0.57%
Boar's Head Provisions Co.	Prepared meat products	<u>7,329,511</u>	<u>0.55%</u>
Total Taxable Value of Ten Largest Taxpayers		122,541,553	9.28%
Total Taxable Value of All Other Taxpayers		<u>1,198,471,991</u>	<u>90.72%</u>
Total Taxable Value of All Taxpayers		<u>\$ 1,321,013,544</u>	<u>100.00%</u>

Notation:

Taxable equivalency values are stated as of the March Board of Review and represent a combination of 100% of taxable value, 50% of abated taxable value for new IFT and CFT facilities, and 100% of abated taxable value for rehabilitated IFT and CFT facilities.

Holland Charter Township, Michigan
COMPUTATION OF LEGAL DEBT MARGIN
December 31, 2007

State Equalized Value (SEV)	<u>\$ 1,364,963,600</u>
Legal debt margin:	
Debt limitation -- 10% of SEV	\$ 136,496,360
Outstanding general obligation debt	<u>5,929,000</u>
Legal Debt Margin	<u>\$ 130,567,360</u>

Table 8

Holland Charter Township, Michigan
 RATIO OF BONDED DEBT
 TO STATE EQUALIZED VALUED PER CAPITA
 Last Ten Fiscal Years

<u>Fiscal Year Ended December 31</u>	<u>Population</u>	<u>State Equalized Valuation</u>	<u>Gross Bonded Debt</u>	<u>Ratio of Gross Bonded Debt to State Equalized Valuation</u>	<u>Gross Bonded Debt Per Capita</u>
1998	20,236	\$ 776,675,700	\$ 18,320,000	2.36%	\$ 905
1999	20,236	856,119,900	16,936,500	1.98%	837
2000	28,911	924,259,500	15,460,500	1.67%	535
2001	30,754	999,231,200	14,226,000	1.42%	463
2002	31,879	1,099,806,700	12,745,000	1.16%	400
2003	32,960	1,168,288,500	11,111,500	0.95%	337
2004	33,338	1,209,331,300	9,504,000	0.79%	285
2005	33,759	1,259,504,300	8,124,000	0.65%	241
2006*	34,049	1,320,482,300	6,733,500	0.51%	198
2007*	34,049	1,364,963,600	5,929,000	0.43%	174

* July 1, 2006 population estimate by U.S. Census Bureau

Holland Charter Township, Michigan
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 GENERAL OBLIGATION BONDS
 December 31, 2007

<u>Jurisdiction</u>	<u>Gross General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable To Holland Township</u>	<u>Amount Applicable To Holland Township</u>
Direct Debt:			
Holland Charter Township	\$ 5,929,000	100.00%	\$ 5,929,000
Overlapping Debt:			
County of Ottawa	19,680,000	13.17%	2,591,856
Holland Area Swimming Pool Authority	7,635,000	3.42%	261,117
Holland School District	20,044,000	3.42%	685,505
West Ottawa School District	131,675,000	46.75%	61,558,063
Zeeland School District	96,680,000	28.28%	27,341,104
Ottawa Intermediate School District	7,140,000	11.54%	823,956
			<u>\$ 99,190,601</u>

Note: The above debt information excludes self supporting bonds issued by the Holland Hospital Authority for Holland Community Hospital.

Source: Holland Charter Township and Municipal Advisory Council of Michigan, (as of December 31, 2007).

PROPERTY VALUE AND CONSTRUCTION
Last Ten Fiscal Years

Fiscal Year Ended December 31	State Equalized Value	Number of Permits	Estimated Building Cost
1998	\$ 776,675,700	830	\$ 89,775,565
1999	856,119,900	894	96,822,530
2000	924,259,500	884	93,987,083
2001	999,231,200	819	87,641,238
2002	1,099,806,700	771	68,577,644
2003	1,168,288,500	883	68,456,647
2004	1,209,331,300	764	69,010,603
2005	1,259,504,300	740	77,166,431
2006	1,320,482,300	611	61,473,968
2007	1,364,963,600	476	44,316,465

Holland Charter Township, Michigan
TAX INFORMATION
December 31, 2007

ASSESSED:	Tax assessments are determined as of tax day, December 31.
LIEN ON PROPERTY:	Personal property taxes become a lien and are payable on December 1, however, they are billed on July 1 and December 1. Property taxes for the county and local school districts are levied on July 1 or on December 1 or portions are levied on each date. Intermediate school district taxes are levied on July 1. County and township taxes are levied on December 1. Unpaid taxes, together with all charges thereon, become a continuing lien on the property assessed.
PAYABLE:	Taxes billed July 1 are payable on July 1 and due without penalty on September 14. Taxes billed December 1 are payable on December 1 and due without penalty on February 14. Taxes are collected at the office of township treasurer.
DELINQUENT:	Real property taxes become delinquent on March 1 and are returned to the county treasurer for collection. Ottawa County operates a Delinquent Tax Revolving Fund, which forwards delinquent tax monies to local jurisdictions. Delinquent personal property taxes are collected by the township treasurer. Uncollectible personal property taxes are stricken from the tax rolls upon petition to the Circuit Court when uncollectible for a period of five years from date of levy.
PENALTIES:	Interest at the rate of one percent per month is assessed on unpaid summer taxes on September 15, October 1, November 1, December 1, January 1, and February 1. A three percent penalty is charged on summer and winter taxes paid after February 14. Taxes returned delinquent to the county treasurer on March 1 are subject to a four percent collection fee and one percent per month interest.
TAX ABATEMENT:	<p>The state equalized value does not include valuation of certain facilities, which are exempt under Act 198, Public Acts of 1974 or Act 255, Public Acts of 1978. The Acts are designed to provide a stimulus in the form of significant tax incentives to industry and commercial enterprises to renovate and expand aging facilities and to build new facilities in Michigan.</p> <p>An Industrial or Commercial Facilities Exemption Certificate entitles the facility to exemption from ad valorem real and personal property taxes for a period of up to 12 years. In lieu of the property tax, the firm will pay a specific tax. Renovated facilities are taxed at the full millage rate based on the assessed valuation prior to the improvements. New facilities are taxed at one half rate levied on assessments which are determined annually based on true cash value.</p>

Holland Charter Township, Michigan
TAX INFORMATION - CONTINUED
December 31, 2007

**TOWNSHIP TAXATION
AND LIMITATION:**

The township's tax rate for municipal operations is limited to five mills by the State of Michigan's Charter Townships Act of 1947, as amended. Additional tax levies have been approved from time to time by vote of the township electorate for specific services, such as construction and maintenance of bike paths, additional law enforcement and emergency medical unit services, and library services.

In November 1978, the electorate of the State of Michigan passed an amendment to the State Constitution, which places certain limitations on increases of taxes by the state, and political subdivisions from currently authorized levels of taxation. The amendment does not limit taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding at the time they became effective or which have been approved by the electors of the state or such political subdivisions.

Table 12

Holland Charter Township, Michigan
GENERAL STATISTICAL DATA
December 31, 2007

AREA:	28.7 square miles		
FORM OF GOVERNMENT:	Founded and established as township in 1847 Incorporated as Charter Township in 1968 7-member elected Board of Trustees		
FISCAL YEAR BEGINS:	January 1		
NUMBER OF EMPLOYEES:	38 full time; 187 part time (including fire fighters, election workers, park maintenance workers, recreation programs, and code enforcement inspectors)		
FIRE PROTECTION:	3 fire stations, 43 part time fire fighters (including 11 MFR, 9 EMT, 3 PMT), 8 fire fighting vehicles, 1 rescue vehicle		
PROPERTY TAX PARCELS:	Number of real property tax parcels	11,985	
	Number of personal property tax parcels	1,739	
	Total tax parcels (includes IFT abated parcels)	13,724	
WATER UTILITY:	Customer Accounts:		
	Residential	9,198	
	Commercial	1,939	
	Industrial	258	
	Other	85	
	Total Water Customer Accounts	11,480	
	Gallons purchased	2,618,010,300	
	Revenues from sales and charges	\$5,013,637	
WASTEWATER UTILITY:	Customer Accounts:		
	Residential	10,208	
	Commercial	1,482	
	Industrial	168	
	Other	59	
	Total Wastewater Customer Accounts	11,917	
	Gallons treated	1,483,048,000	
	Revenues from user charges	\$3,695,624	
RECREATION:	Beechwood Park (3.5 acres) Brookwood Park (1 acre) Dunton Park (21 acres) Helder Park (159 acres, including 61 acres of vacant land) Quincy Park (133 acres, including 67 acres of vacant land)		
CEMETERIES:	New Groningen Cemetery (1.3 acres) North Holland Cemetery (5.2 acres)		
BIKE PATHS & SIDEWALKS:	62 miles of bike paths and sidewalks		
POPULATION GROWTH:	Official United States Census	1970	10,991
		1980	13,739
		1990	17,523
		2000	28,911
		2006 (est)	34,049



March 12, 2008

Township Board
Holland Charter Township

We have audited the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Charter Township for the year ended December 31, 2007, and have issued our report thereon dated March 12, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 29, 2007, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on February 18, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Holland Charter Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of depreciation expense is based on the length of time it is believed that depreciable capital assets will provide economic benefit to the Township.

Contributed water and sewer infrastructure values have been based on estimated current cost to construct.

We evaluated the key factors and assumptions used to develop the above estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 12, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Township Board and management of Holland Charter Township and is not intended to be and should not be used by anyone other than these specified parties.

Kiekoer, Scholma & Shumaker, PC